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Tsakos Enlisted Friend of Casey In Pipeline Deal

Since 1981, when Basil Tsakos came to town to promote a dubious plan to run an oil pipeline across Central Africa from the Red Sea to the Atlantic Ocean, the Greek arms dealer has had occasion to ponder the cynical rules of the Washington influence game.

He spent a bundle, and lived to regret his reliance on a former intelligence agent who was supposed to be paying off well-connected government officials. At least some of the payoffs apparently were not made.

My associate Corky Johnson has been investigating the scheme for six months. Here are some of the highlights:

Tsakos started off by purchasing a $500,000 condominium in the Watergate complex and spreading word that he had $200 million to spend to promote the project.

As I reported last week, Tsakos made a believer of Sen. Mark O. Hatfield (R-Ore.), who saw the pipeline as a way to assure access to Middle East crude oil without military action. Tsakos paid at least $40,000 to Hatfield's wife, Antoinette, for real estate transactions.

But Tsakos had less success in his dealings with the ex-intelligence official, Joe Rosenbaum, a "venture capitalist" and friend of CIA Director William J. Casey. As evidence that Rosenbaum had good connections, Tsakos was shown a letter Casey wrote Rosenbaum. The two men's friendship dated to their days in the World War II Office of Strategic Services (OSS), a predecessor of the CIA.

According to court documents and other sources, Tsakos paid Rosenbaum $250,000 over the next couple of years "to pave the way," as Tsakos put it, for the pipeline project. The first payment of $100,000 was delivered Feb. 12, 1981.

That same day, Rosenbaum set up a meeting among Tsakos, Casey, former Navy secretary J. William Middendorf II and Carl Shipley, Middendorf's attorney and a former member of the Republican National Committee.

Middendorf reportedly said he liked the pipeline idea, but couldn't get involved because he anticipated getting a post in the Reagan administration. He is now ambassador to the Organization of American States.

Casey also responded favorably to the plan, and vouched for Rosenbaum as the man who could carry it out.

Rosenbaum and Tsakos then set up the Trans-African Pipeline Co. with Shipley as president. Shipley promoted the project with government and congressional officials. Over Christmas, 1981, Shipley and his wife were Tsakos' guests at a ski chalet in Gstaad, Switzerland. "He loved it. He loved it. He kissed my bottom," Tsakos said of Shipley, according to court records.

But Shipley withdrew when he learned from intelligence documents of Tsakos' criminal record in Greece and his arms deals. Shipley said he was never paid by Tsakos.

Rosenbaum drew up a ledger of influential people he supposedly had on the pipeline payroll. One was Fred Biebel, a deputy chairman of the Republican National Committee and its liaison with the White House. The ledger listed $10,000 in payments to Biebel for "services in connection in dealing with the White House and State [Department]."

Biebel told my associate that he was never paid any money in connection with the pipeline deal, and said he was "shocked" when he learned he was on Rosenbaum's list. Biebel said he was paid $2,500 a month by Rosenbaum during the same time period, however, on a matter involving the sale of railroad boxcars in Connecticut.

The ledger gave Tsakos the impression that he was getting a lot for the money he was giving Rosenbaum. In fact, Rosenbaum did get Tsakos something for his money. And the CIA was definitely interested.

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